Yeohata Machineries Sdn Bhd & Anor v Coil Master Sdn Bhd & Ors

COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NO W-02–1029 OF 2011
BALIA YUSOF, ABANG ISKANDAR AND VERNON ONG JJCA
18 SEPTEMBER 2015

Evidence — Admissibility — Statements of opinion — Whether statements made by experts — Whether statements made by persons skilled in technical process of making mosquito coil production — Whether statements relevant and admissible — Witness — Failure to call — Whether presumption of adverse inference should be invoked — Trial — Whether trial judge misdirected herself as to evidence adduced by respondents — Whether trial judge failed to consider evidence adduced by appellants — Whether there was breach of confidential information, breach of fiduciary duties, fraudulent misrepresentation and conspiracy to injure — Whether appellate intervention necessary

Trade Marks — Patents — Apparatus and process for manufacture of mosquito coils — Infringement of patent — Action for — Whether there was infringement of patent — Whether respondents' mosquito coil making machine had breached patent — Whether trial judge erred in her findings — Counterclaim — Whether patent was based on prior art — Whether trial judge erred in invalidating patent

The first appellant was at all material times the owner of a patent relating to an apparatus and process for the manufacture of mosquito coils ('the patent'). The first appellant had granted the second appellant the licence to manufacture the mosquito coil making machine known as 'Yeohata' and to deal with all confidential information relating to the apparatus and process of the Yeohata. The second and third respondents had incorporated the first respondent company to manufacture and sell a mosquito coil making machine by the trade name 'Coilmaster MK-1'. The appellants claimed that the respondents' decision to manufacture and sell the Coilmaster MK-1, without the appellants' consent, constituted an infringement of the patent. According to the appellants the second and third respondents had acquired confidential information relating to the sale, marketing, manufacture, production and operation of the Yeohata, while in the employment of the second appellant and that the second and third respondents had breached their fiduciary duties when they used such confidential information to manufacture and sell the Coilmaster MK-1. The appellants' further claimed that the respondents' had conspired to defraud and injure the appellants in their business by inducing the second appellant's

customers to switch to the first respondent's machines. The appellants thus filed an action to restrain the respondents from infringing the patent and using confidential information relating to the patent and sought damages and costs. The respondents counterclaimed for the invalidation of the patent on the grounds that there was prior art. The trial judge found that the appellants had failed to prove that the Coilmaster MK-1 had breached the patent. On the other hand, the trial judge found that the patent was based on prior art which was already in the market, such as Nakamura, Tickwell and Sri Dapat. As such, the High Court dismissed the appellants' claim with costs and allowed the respondents' counterclaim with costs. This was the appellants' appeal against the decision of the High Court. The appellants argued that the trial judge had inter alia misdirected herself as to the evidence adduced by the respondents, failed to consider the evidence adduced by the appellants and had misinterpreted the nature of the patent.

Held, allowing the appeal in part with costs borne by the parties respectively:

(1) There was no evidence adduced to support the assertion that the Coilmaster MK-1 had infringed the patent. As such there was no misdirection of the evidence by the trial judge in relation to the issue of infringement of the patent (see para 18).

(2) In relation to the appellants' claim for breach of confidential information, the trial judge was correct in her findings that the appellants had failed to prove the existence of the three elements essential to a cause of action for breach of confidence. The appellants had not produced any evidence to show that they had imparted confidential information to the second and third respondents. In fact the appellant's witness had confirmed that the suppliers list and the process had been in the public domain (see para 21).

(3) There was no evidence of any representations made by the respondents to the appellants and the documents referred to were addressed to third parties. Further, there was nothing to show that the appellants had acted on the false statements to their detriment. In the circumstances, all the necessary elements to sustain the appellants' claim for breach of duties and fraudulent misrepresentation had not been established and the appellants' claim of fraudulent misrepresentation was without merit (see paras 22–24).

(4) The trial judge was also correct in finding that the evidence produced by the appellants was not sufficient to establish the tort of conspiracy to injure. It was obvious that the respondents had not taken any confidential information from the appellants. Further, there was no agreement to prevent the respondents from incorporating a new company. Thus, there was no reason to disturb the trial judge's findings of fact as to the appellants' claim against the respondents (see para 25).

(5) The evidence of the respondents' witnesses (SD2 and SD4) that the patent was not novel because of prior art were not statements of fact but opinions. However, there was no evidence to show that SD2 and SD4 were especially skilled in the technical process of making mosquito coil production pursuant to s 40 of the Evidence Act 1950 ('the Act'). Thus these two witnesses were not experts within the meaning of s 45 of the Act and their evidence should have been ruled inadmissible and irrelevant (see para 29).

(6) On the evidence, the respondents' assertions that the patent was based on prior art which was already in the market were without foundation. It had been confirmed that the fact that there was prior art for some features in a machine did not preclude an application for the other features of the machines without prior art. Further, there was uncontroverted evidence to show that there was proper disclosure of prior art by the first appellant in its application for the patent. The respondents' failure to call the Registrar of Patents and the expert witness was also fatal to their counterclaim. In the circumstances the trial judge's findings that the patent was based on prior art could not be supported by the evidence and her decision invalidating the patent should be set aside (see paras 30–31).

[Bahasa Malaysia summary

Perayu pertama, pada setiap masa material, ialah pemilik paten berkaitan perkakas dan proses membuat gelung nyamuk ('paten tersebut'). Perayu pertama telah memberikan perayu kedua lesen untuk membuat mesin yang membuat gelung nyamuk yang dikenali sebagai 'Yeohata' dan untuk mengendalikan dengan semua maklumat rahsia berkaitan perkakas dan proses Yeohata itu. Responden kedua dan ketiga telah memperbadankan syarikat responden pertama untuk membuat dan menjual mesin yang membuat gelung nyamuk melalui tanda dagang 'Coilmaster MK-1'. Perayu-perayu mendakwa bahawa keputusan responden-responden untuk membuat dan menjual Coilmaster MK-1, tanpa persetujuan perayu-perayu, membentuk pelanggaran paten tersebut. Menurut perayu-perayu, responden kedua dan ketiga telah memperoleh maklumat rahsia berkaitan jualan, pemasaran, pembuatan, penghasilan dan pengoperasian Yeohata, semasa bekerja dengan perayu kedua dan bahawa responden kedua dan ketiga telah melanggar kewajipan fidusiari mereka apabila mereka menggunakan maklumat rahsia itu untuk membuat dan menjual Coilmaster MK-1. Perayu-perayu selanjutnya mendakwa bahawa responden-responden telah berkonspirasi untuk menipu dan menjejaskan perayu-perayu dalam perniagaan mereka dengan mempengaruhi pelanggan-pelanggan perayu-perayu kedua untuk menukar kepada mesin-mesin responden pertama. Perayu-perayu oleh itu telah memfailkan satu tindakan bagi menyekat responden-responden daripada melanggar paten tersebut dan menggunakan maklumat rahsia berkaitan paten tersebut dan memohon ganti rugi dan kos. Responden-responden telah menuntut balas

untuk ketidaksahan paten tersebut atas alasan bahawa ia adalah seni terdahulu. Hakim perbicaraan mendapati bahawa perayu-perayu telah gagal untuk membuktikan bahawa Coilmaster MK-1 telah melanggar paten tersebut. Sebaliknya, hakim perbicaraan mendapati bahawa paten tersebut adalah berdasarkan seni terdahulu yang telahpun berada di pasaran, seperti Nakamura, Tickwell dan Sri Dapat. Oleh yang demikian, Mahkamah Tinggi telah menolak tuntutan perayu-perayu dengan kos dan membenarkan tuntutan balas responden-responden dengan kos. Ini adalah rayuan perayu-perayu terhadap keputusan Mahkamah Tinggi. Perayu-perayu berhujah bahawa hakim perbicaraan telah, antara lain salah arah diri beliau berkenaan keterangan yang telah dikemukakan oleh responden-responden, gagal untuk mengambil kira keterangan yang telah dikemukakan oleh perayu-perayu dan telah salah tafsir sifat paten tersebut.

Diputuskan, membenarkan sebahagian daripada rayuan dengan kos ditanggung oleh pihak-pihak masing-masingnya:

(1) Tiada keterangan yang telah dikemukakan untuk menyokong penegasan bahawa Coilmaster MK-1 telah melanggar paten tersebut. Oleh itu tiada salah arah berhubung keterangan itu oleh hakim perbicaraan berkaitan isu pelanggaran paten tersebut (lihat perenggan 18).

(2) Berkenaan tuntutan perayu-perayu untuk pelanggaran maklumat rahsia, hakim perbicaraan adalah betul dalam penemuan beliau bahawa perayu-perayu telah gagal untuk membuktikan kewujudan tiga elemen penting berhubung kausa tindakan untuk pelanggaran keyakinan. Perayu-perayu tidak mengemukakan apa-apa keterangan untuk menunjukkan bahawa mereka telah memberikan maklumat rahsia itu kepada responden-responden kedua dan ketiga. Bahkan saksi perayu telah mengesahkan bahawa senarai pembekal dan proses itu telahpun berada dalam domain awam (lihat perenggan 21).

(3) Tiada keterangan tentang apa-apa representasi yang telah dibuat oleh responden-responden kepada perayu-perayu dan dokumen-dokumen yang dirujuk telah dialamatkan kepada pihak ketiga. Selanjutnya, tiada apa-apa untuk menunjukkan bahawa perayu-perayu telah bertindak atas kenyataan palsu yang menjejaskan mereka. Dalam keadaan itu, semua elemen yang perlu untuk mengekalkan tuntutan perayu-perayu bagi pelanggaran kewajipan dan tanggapan salah secara palsu tidak dibuktikan dan tuntutan perayu-perayu untuk tanggapan salah adalah tanpa merit (lihat perenggan 22–24).

(4) Hakim perbicaraan juga betul dalam penemuan bahawa keterangan yang dikemukakan oleh perayu-perayu tidak mencukupi untuk membuktikan tort konspirasi untuk menjejaskan. Ia jelas bahawa responden-responden tidak mengambil apa-apa maklmuat rahsia daripada perayu-perayu. Selanjutnya, tiada perjanjian untuk menghalang responden-responden

daripada memperbadankan syarikat baru. Oleh itu, tiada sebab untuk mengganggu penemuan fakta hakim perbicaraan berhubung tuntutan perayu-perayu terhadap responden-responden (lihat perenggan 25).

(5) Keterangan saksi-saksi responden-responden (SD2 dan SD4) bahawa paten tersebut bukan baru kerana seni terdahulu bukan kenyataan fakta tetapi pendapat. Namun begitu, tiada keterangan untuk menunjukkan bahawa SD2 dan SD4 juga mahir dalam proses teknikal membuat gelung nyamuk itu menurut s 40 Akta Keterangan 1950 ('Akta'). Oleh itu kedua-dua saksi ini bukan pakar dalam maksud s 45 Akta dan keterangan mereka patut diputuskan sebagai tidak boleh diterima dan tidak relevan (lihat perenggan 29).

(6) Berdasarkan keterangan, penegasan responden-responden bahawa paten tersebut berdasarkan seni terdahulu yang telahpun berada dalam pasaran adalah tanpa asas. Ia telahpun disahkan bahawa fakta yang mana terdapat seni terdahulu untuk beberapa ciri dalam mesin tidak mengecualikan permohonan untuk ciri-ciri lain mesin itu tanpa seni terdahulu. Selanjutnya, terdapat keterangan yang tidak dipertikaikan untuk menunjukkan bahawa terdapa pendedahan wajar seni terdahulu itu oleh perayu pertama dalam permohonannya untuk paten tersebut. Kegagalan responden untuk memanggil Pendaftar Paten dan saksi pakar juga mudarat kepada tuntutan balas mereka. Dalam keadaan itu penemuan hakim perbicaraan bahawa paten tersebut adalah berdasarkan seni terdahulu tidak boleh disokong dengan keterangan dan keputusan beliau untuk tidak mengesahkan paten tersebut patut diketepikan (lihat perenggan 30–31).]

Notes

For cases on admissibility in general, see 7(1) *Mallal's Digest* (5th Ed, 2015) paras 97–195.

For cases on patents in general, see 12(2) *Mallal's Digest* (5th Ed, 2015) paras 2824–2825.

Cases referred to

Abrath v The North Eastern Railway Co (1883) 11 QBD 440, CA (refd)

Birmingham Sound Reproducers Ltd v Collaro Ltd [1956] RPC 232, CA (refd)

Bradford Third Equitable Benefit Building Society v Borders [1941] 2 All ER 205, HL (refd)

Coco v AN Clark (Engineers) Ltd [1969] RPC 41, HC (refd)

Derry v Peek (1889) 14 App Cas 337, HL (refd)

Lim Choong Huat & Ors v Syntlz Enterprise Sdn Bhd & Ors [2010] 1 CLJ 860, HC (refd)

Rodi and Wienenberger AG v Henry Showell Ltd [1969] RPC 367, HL (refd)

Selvaduray v Chinniah [1939] 1 MLJ 253 (refd)

Legislation referred to

Evidence Act 1950 ss 40, 45, 101(1), 102, 114(g)
Patents Act 1983 ss 11, 12, 13, 14, 15, 16, 23, 29A(4), 31(1), 36(3), 56, 56(2), 58

Appeal from: Suit No W-02–1029 of 2011 (High Court, Kuala Lumpur)

Matthias Chang (Cheah Tien Eu and Mohd Akmal Afiq bin Mohamad with him) (Suhaimi Khor Zulkifli & Chang) for the appellant.
Eow Khean Fatt (Kenneth Chong Kheng Aik with him) (Shen, Eow & Partners) for the respondent.

Vernon Ong JCA:

INTRODUCTION

[1] The first appellant (first plaintiff in the High Court) is the owner of Malaysian Patent MY-125572A relating to an apparatus and process for the manufacture of mosquito coils ('the patent'). The second appellant (second plaintiff in the High Court) is in the business of manufacturing and exporting mosquito coil making machine known as 'Yeohata'. The appellants are seeking for orders to, inter alia, restrain and/or prohibit the respondents from infringing the patent and using the confidential information of the appellants, delivery of books, records and other documents relating to the patent, damages and costs.

[2] The respondents (the first, second and third defendants in the High Court) have counterclaimed for the invalidation of the patent on the ground that there is prior art.

[3] At the conclusion of the trial of the action, the High Court dismissed the appellants' claim with costs and allowed the respondent's counterclaim for the invalidation of the patent with costs. The appellants have appealed against the decision of the High Court. In this judgment, we will refer to the parties as they were referred to at the High Court.

BACKGROUND FACTS

[4] The first plaintiff's application for the patent bearing the title 'Improvement in mosquito coil production' was filed on 21 October 1997 and the patent was granted on 30 August 2006. According to the certificate of grant of the patent the inventor is one Loo Yuen Weng and the patent owner is the first plaintiff.

[5] The invention provides apparatus for the production of mosquito coils in which much of the handling of the trays is automatically carried out and in which many of the operations which in the prior art apparatus are effected mechanically, can be effected pneumatically or hydraulically.

[6] The second plaintiff was granted the licence by the first plaintiff to manufacture the Yeohata and to deal with all confidential information relating to the apparatus and process of the Yeohata.

[7] The second defendant was a director and marketing manager in Moscoil Enterprise (M) Sdn Bhd ('Moscoil') which was appointed as the marketing arm of the second plaintiff. The third defendant is the son of the second defendant; he was at the material time working as the research and development engineer of the second plaintiff.

THE PLAINTIFFS' CASE

[8] The plaintiffs' claim is predicated on the following causes of action: (i) infringement of the patent, (ii) breach of confidential information, (iii) breach of fiduciary duties, (iv) fraudulent misrepresentation; and (v) conspiracy to injure.

[9] Briefly stated, the plaintiff's case is that:

(a) in their respective capacities, the second defendant had acquired confidential information relating to the sale, marketing and customers of the plaintiffs and the third defendant had acquired confidential information relating to the manufacture, production and operation of the Yeohata;

(b) in breach of their fiduciary duties, the second and third defendants incorporated the first defendant company to manufacture and sell mosquito coil making machine by the trade name 'Coilmaster MK-1' without the consent of the plaintiffs and which is an infringement of the patent; and

(c) the defendants conspired to defraud and injure the plaintiffs in its business in that the defendants have induced a potential customer of the second plaintiff and of Moscoil Enterprise (M) Sdn Bhd, an Italian company by the name of Zobele International BV to be a shareholder of the first defendant company in a bid to induce other customers to switch over to the first defendant's machines.

[10] Before us, learned counsel for the plaintiffs premised his appeal on the following five main grounds:

(a) the learned trial judge misdirected herself as to the evidence adduced by the defendants and failed to consider the evidence adduced by the plaintiffs;

(b) the learned trial judge had allowed inadmissible evidence adduced by the defendants, and misinterpreted opinions as statement of facts;

(c) the learned trial judge erred in failing to draw an adverse inference against the defendants under s 114(g) of the Evidence Act 1950 for the defendant's failure to call two witnesses (one Mr Leong the alleged inventor of Tickwell machine and the registrar of patents) to challenge the patent;

(d) the learned trial judge failed to make rulings on whether evidence given by the defendants' witnesses (Yap Min Cheong (SD2) and Lee Kok Seong (SD4)) were opinion as opposed to statement of facts; and

(e) the learned trial judge misinterpreted the nature of the patent.

WHETHER THERE WAS ANY INFRINGEMENT OF THE PATENT?

[11] In her grounds of judgment the learned trial judge found that the plaintiffs failed to prove that the Coilmaster MK-1 had breached the patent.

[12] In essence, the evidence adverted to by learned counsel for the plaintiffs relates to the circumstances surrounding the incorporation of the first defendant company whilst the second defendant was the managing director of Moscoil, that the second and third defendants have no prior experience in the manufacture of mosquito coil making machines before taking up employment with Moscoil.

[13] Evidence was also led to show that prior to the application for the patent in October 1997, substantial improvements have already been made to the methodology of mosquito coil production when compared to the Nakamura and Tickwell machines. Nakamura machines were imported from Japan and were commonly used in Malaysia in the 1960s and 1970s. The Nakamura machine consists of a back line which makes and extrudes the dough which is used by the stamping machine to make mosquito coils. The Tickwell machine was developed locally in 1991. It also comprises of the back line and stamping machine. In addition, it is pneumatically driven in that the movement of the trays to the stamping system are driven by pneumatics. The movements are controlled by a computer called the PLC (program logic controller).

[14] Learned counsel for the plaintiffs argued that the second and third defendants have failed to produce any independent comparative analysis of the improvements made by them to the Coilmaster machine by reputable

consultants. In this connection, it is pertinent to note that the first defendant is the owner of the patent entitled 'A DIE CUTTING APPARATUS AND A METHOD OF USE THEREOF' which was granted on 31 March 2004. The third defendant is identified as the inventor of this patent.

[15] The learned trial judge referred to s 58 of the Patents Act 1983 ('the PA 1983') and to the trite principles enunciated in *Lim Choong Huat & Ors v Syntlz Enterprise Sdn Bhd & Ors* [2010] 1 CLJ 860, *Rodi and Wienenberger AG v Henry Showell Ltd* [1969] RPC 367 and *Birmingham Sound Reproducers Ltd v Collaro Ltd* [1956] RPC 232. On the evidence, the learned trial judge found that the ingredients of infringement under sub-s 36(3) of the PA 1983 have not been established by the plaintiffs. The plaintiffs have failed to call witnesses to explain how the Coilmaster MK-1 machine has breached every claim of the patent.

[16] Under s 58 of the PA 1983, an infringement of a patent shall consist of the performance of any act referred to in sub-s 36(3) by a person other than the owner of the patent. Subsection 36(3) reads as follows:

> (3) For the purposes of this part, 'exploitation' of a patented invention means any of the following acts in relation to a patent:
>
> (a) when the patent has been granted in respect of a product:
>
> (i) making, importing, offering for sale, selling or using the product;
>
> (ii) stocking such product for the purpose of offering for sale, selling or using;
>
> (b) when the patent has been granted in respect of a process:
>
> (i) using the process;
>
> (ii) doing any of the acts referred to in paragraph (a) in respect of the product obtained directly by means of the process.

[17] In law, the party who desires the court to give judgment in its favour as to any legal right or liability bears the burden of proof (s 101(1) of the Evidence Act 1950). The burden of proof on that party is twofold: (i) the burden of establishing a case; and (ii) the burden of introducing evidence. The burden of proof lies on the party throughout the trial. The standard of proof required of the plaintiff is on the balance of probabilities. The evidential burden of proof is only shifted to the other party once that party has discharged its burden of proof. If that party fails to discharge the original burden of proof, then the adverse party does not need to adduce any evidence. In this respect it is the plaintiffs who must establish their case of infringement. If the plaintiffs fail to do so, it will not do for the plaintiffs to say that the defendants have not established their defence (*Selvaduray v Chinniah* [1939] 1 MLJ 253; s 102 of the Evidence Act 1950). It should also be noted that there must be some

preponderance in the plaintiffs' favour at the conclusion of the whole case. Even if the plaintiffs had established a prima facie case, but if at the conclusion of the trial the court finds that the position was exactly even, then any preponderance in favour of the plaintiffs has ceased to exist. If that happens, then the plaintiffs have failed to discharge the burden of proof which is upon it, and the plaintiffs must necessarily fail (*Abrath v The North Eastern Railway Co* (1883) 11 QBD 440, at p 452).

[18] We find that there is no evidence to support the assertion that the Coilmaster MK-1 infringed the patent. The plaintiffs' claim appears to be premised on the assumption that the Coilmaster MK-1 must have been copied from the Yeohata because of the experience and knowledge acquired by the defendants whilst working for the first plaintiff. In fact, it is SP1's own evidence that the Yeohata machine functions differently and better than the Coilmaster MK-1. We have perused the appeal record and considered the oral and written submissions of learned counsel for the parties. We are satisfied that there is no misdirection of the evidence on the part of the learned trial judge. The claim that the defendants have infringed the patent by using the Yeohata process is not borne out by the evidence adduced at the trial. Accordingly, we agree with the findings of the learned trial judge in relation to the issue of infringement of the patent.

WHETHER THERE IS A BREACH OF CONFIDENTIAL INFORMATION, BREACH OF FIDUCIARY DUTIES, FRAUDULENT MISREPRESENTATION AND CONSPIRACY TO INJURE?

[19] As the evidence relating to the abovementioned issues overlap, they will be considered together.

[20] The learned trial judge held that the claim for breach of confidential information was not made out. The plaintiff's assertion of having spent RM2.8m for research and development for the Yeohata was unsubstantiated as only invoices for components and parts from suppliers were produced. The assertion is not supported by the plaintiff's audited accounts.

[21] The learned trial judge also found that that on the facts, the plaintiffs have failed to prove the existence of the three elements essential to a cause of action for breach of confidence, namely (a) that the information was of a confidential nature, (b) that it was communicated in circumstances importing an obligation of confidence and (c) that there was an unauthorised use of the information (see *Coco v AN Clark (Engineers) Ltd* [1969] RPC 41). The Yeohata machine was based on the Nakamura and Tickwell machines. The plaintiffs did not produce any evidence to show that they had imparted the confidential information to the second and third defendants as there were no

such confidential information. On the evidence of the witnesses for the plaintiffs and defendants, the learned trial judge also found that the so-called confidential information was included in the suppliers list, parts and components, machine operation, design and art. SP1 confirmed that the suppliers list and the process have been in the public domain.

[22] On the charge of breach of duties and fraudulent misrepresentation, learned counsel for the plaintiffs referred to a number of marketing documents prepared by the defendants of the Yeohata information which were inaccurate and misleading. According to the statement of claim, it is pleaded that the first defendant could not have manufactured any machine prior to its incorporation, the second defendant could not be a manufacturer of Yeohata as he was only a director, shareholder and marketing director of Moscoil, the third defendant could not be a manufacturer as he was at all material times an employee of the second plaintiff and that the defendants were never shareholders and/or directors of the first and second plaintiffs.

[23] In order to sustain an action for fraudulent misrepresentation, the plaintiffs must establish five essential facts. First, there must be a representation of fact by words or by conduct and mere silence is not enough. Second, the representation must be made with the knowledge that it is false, ie it must be willfully false or at least made in the absence of any genuine belief that it is true or recklessly (ie without caring whether his representation is true or false (*Derry v Peek* (1889) 14 App Cas 337). Third, the representation must be made with the intention that it should be acted upon by the claimant, or by a class of persons which will include the claimant, in the manner which resulted in damage to him. Fourth, it must be proved that the claimant acted upon the false statements. Lastly, it must be proved that the claimant has sustained damage by so doing (see *Bradford Third Equitable Benefit Building Society v Borders* [1941] 2 All ER 205 at p 211, per Viscount Maugham).

[24] We do not see any evidence to show that the representations, if any, were made to the plaintiffs. The documents referred to by learned counsel for the plaintiffs were addressed to third parties. Further, there is nothing to show that the plaintiffs had acted on the false statements to their detriment. In the circumstances, all the necessary elements to sustain the plaintiffs' claim for breach of duties and fraudulent misrepresentation had not been established. Consequently, we agree with the findings of the learned trial judge that the plaintiff's assertion of fraudulent misrepresentation is without merit.

[25] We now turn to the issue of conspiracy to injure. In order to sustain an action in conspiracy, the plaintiffs must plead and prove four essential ingredients. They are: (i) a combination or agreement between two or more individuals, (ii) an intent to injure, (iii) pursuant to which combination or

agreement and with that intention certain acts were carried out, and (iv) resulting in loss and damage to the plaintiffs. The learned trial judge found that the evidence produced by the plaintiffs was not sufficient to establish the tort of conspiracy to injure. The first defendant company was not operational while the third defendant was a director of the first plaintiff. The defendants did not take any confidential information from the plaintiffs. There was no agreement to prevent the defendants from incorporating a new company. We have considered the evidence in totality and find that there is nothing to justify us in disturbing the findings of fact of the learned trial judge.

THE DEFENDANTS' COUNTERCLAIM

[26] The defendants' argument is that the Yeohata machine is not novel as it is already anticipated by prior art such as the Tickwell machine which was developed and sold to the public since 1991. According to the grounds of judgment, the learned trial judge found that the patent is not valid because the first plaintiff failed to inform the patent registrar about prior art Tickwell and Sri Dapat machines. The Yeohata patent was based on prior art which was already in the market such as Nakamura, Tickwell and Sri Dapat.

[27] The procedure for the invalidation of a patent is set out in s 56 of the PA 1983. It provides that the court shall invalidate the patent if an aggrieved person proves the following facts set out under sub-s 56(2):

(a) that what is claimed as an invention in the patent is not an invention within the meaning of s 12 or is excluded from protection under s 13 or sub-s 31(1) or is not patentable because it does not comply with the requirements of ss 11, 14, 15 and 16;

(b) that the description or the claim does not comply with the requirement of s 23;

(c) that any drawings which are necessary for the understanding of the claimed invention have not been furnished;

(d) that the right to the patent does not belong to the person without whom the patent was granted; or

(e) that incomplete or incorrect information has been deliberately provided or caused to be provided to the registrar under sub-s 29A(4) by the person to whom the patent was granted or by his agent.

[28] It is necessary to appreciate that the patent which had been granted is in respect of a process as a perusal of the description of the invention in the patent documents will make clear. Reference to the prior art of other machines is made in the description which comprehensively explains the operation and process of the various functions of the mosquito coil making machine. Briefly stated, the

invention provides apparatus for the production of mosquito coils in which much of the handling of the trays is automatically carried out and in which many of the operations which in the prior art apparatus are effected mechanically, can now be effected pneumatically or hydraulically because of the patent.

[29] SD2 testified on the workings of the Tickwell machine and said that the patent was not novel because of prior art. Similarly, SD4 testified on technical aspects of the pneumatic system machine of mosquito coils and that cylinder SA-34304 is similar to and has the same function with the Airtac cylinder used in Yeohata machine. SD4 also said that cylinder SA-203184 was designed with the third defendant's cooperation and that the tray movement of the Yeohata machine and the Coilmaster machine were different. In essence, the aforesaid statements of SD2 and SD4 are not statements of fact but opinions. We are constrained to find that SD2 and SD4 are not experts within the meaning of s 45 of the Evidence Act 1950 as there is no evidence to show that either SD2 or SD4 are specially skilled in the technical process of making mosquito coil production pursuant to s 40 of the Evidence Act 1950. In the circumstances, we agree with learned counsel for the plaintiffs that the evidence of SD2 and SD4 should have been ruled inadmissible and irrelevant.

[30] On the evidence we are satisfied that the defendants' assertions are without foundation. En Zulkarnain bin Mohammad (SD5) the chief examiner from the patents office confirmed under cross-examination that the fact that there is prior art for some features in a machine does not preclude an application for the other features of the machine without prior art. Further, there is uncontroverted evidence to show that there was proper disclosure of prior art by the first plaintiff in its application for the patent. Evidence of prior art is to be found not only in the comprehensive description of the invention; it is also specifically disclosed and identified under item (56) of the patent documents (see record of appeal Vol 2 p 283). We also agree with the submission of learned counsel for the plaintiffs that the defendants' failure to call the Registrar of Patents and one Mr Leong an expert witness is fatal to their counterclaim. The defendant's contention is clearly unsubstantiated. Accordingly, we are unable to agree with the findings of the learned trial judge on this issue. Her findings could not be supported by the evidence adduced. We are accordingly constrained to interfere with the findings of the learned trial judge on this issue.

CONCLUSION

[31] For the foregoing reasons, we would dismiss the plaintiff's appeal against the decision of the learned trial judge dismissing the plaintiffs' claim for injunction, damages for infringement of the patent, breach of confidential

information, breach of fiduciary duties, fraudulent misrepresentation and conspiracy to injure and for an account of profits. The decision of the learned trial judge invalidating the patent pursuant to the defendant's counterclaim is, however, set aside. Accordingly, the appeal is allowed in part. In light of the foregoing, we order that the costs of this appeal shall be borne by the parties respectively.

Appeal allowed in part with costs borne by parties respectively.

Reported by Kohila Nesan